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*Florence P. Belser*  
*General Counsel*

October 6, 2014

**VIA ELECTRONIC FILING**

The Honorable Jocelyn Boyd  
Chief Clerk / Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Application of Palmetto Utilities, Inc. for Adjustment of Rates and Charges and for Modification to Certain Terms and Conditions Related to the Provision of Sewer Service  
**Docket No. 2013-42-S**

Dear Ms. Boyd:

Enclosed for filing please find the Proposed Settlement Agreement reached by the parties in the above-referenced docket. By order dated October 1, 2014, the Supreme Court of South Carolina remanded this case to the Commission to consider this Proposed Settlement Agreement.

By copy of this letter, I am serving counsel of record with a copy of the Proposed Settlement Agreement and enclose a certificate of service to that effect.

If you have any questions or need further information, please do not hesitate to contact me.

With best regards, I am

Very truly yours,

  
Florence P. Belser

FPB/fes  
Enclosure

cc: John M.S. Hoefler, Esquire  
D. Reece Williams, III, Esquire  
Kathleen M. McDaniel, Esquire

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2013-42-S**  
**September 30, 2014**

IN RE:

Application of Palmetto Utilities,  
Inc., for adjustment of rates and charges  
and modifications to certain terms and  
conditions for the provision of  
sewer service

**SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is submitted for Commission approval by Palmetto Utilities, Inc. (“PUI” or the Company”), Sensor Enterprises, Inc. (“Sensor”), J-Ray, Inc. (“J-Ray”), and the South Carolina Office of Regulatory Staff (“ORS”) (together referred to as the “Parties” or sometimes individually as “Party”).

WHEREAS, the above-captioned proceeding was initiated by the filing of an Application of the Company for an increase in its rates and charges for, and modifications to certain of the terms and conditions of, sewer service; and

WHEREAS, in its Order Nos. 2013-660 and 2013-771 the Public Service Commission of South Carolina (the “Commission”) granted the Company’s application in part and Sensor and J-Ray appealed the Commission’s orders to the Supreme Court; and

WHEREAS, the Parties, who are the only parties of record in the above-captioned docket have varying legal positions regarding the issues in this case; and

WHEREAS, PUI, Sensor, J-Ray, and ORS have reached an agreement to settle the matter on appeal and as such seek Commission review and approval of this Agreement.

NOW, THEREFORE, the Parties hereby jointly propose the following terms of settlement which, if adopted by Commission Order, will address all issues arising from the above-captioned docket currently on appeal:

1. **Revenue requirement.** PUI, Sensor, J-Ray, and ORS agree that, under the terms of this Settlement Agreement, (a) the annual revenue requirement which will permit PUI an opportunity to earn the approved operating margin of 17.98% is \$7,639,810, (b) the monthly service rate required to permit PUI to earn this operating margin is \$36.50 per residential customer and per commercial customer Single Family Equivalent (SFE), and (c) this settlement rate generates additional annual revenue to PUI of \$654,395.

2. **Provisions affecting Sensor.** PUI shall bill Sensor based on 11.3 SFEs, which is equivalent to the sum of \$412.45 per month, retroactive to September 17, 2013. PUI shall refund to Sensor the amount of \$13,608.06. Any amounts paid by Sensor for monthly services in excess of \$412.45 from the date hereof shall be credited to Sensor's account. All past claims, issues, disputes, or matters which could be claimed or disputed by Sensor regarding this matter, as well as Sensor's complaint before the Commission in Docket No. 2013-148-S, are null and void and dismissed with prejudice.

3. **Provisions affecting J-Ray.** PUI shall bill J-Ray based on 7.9 SFEs, which is equivalent to the sum of \$288.35 per month, retroactive to September 17, 2013. PUI shall refund to J-Ray the amount of \$5,141.68. Any amounts paid by J-Ray for monthly services in excess of \$288.35 from the date hereof shall be credited to J-Ray's account. All past claims, issues,

disputes, or matters which could be claimed or disputed by J-Ray regarding this matter, as well as J-Ray's complaint before the Commission in Docket No. 2013-149-S, are null and void and dismissed with prejudice.

4. **Settlement Components.** The components of the settlement terms set forth herein affecting PUI's revenue requirement and rate consist of (a) recovery of \$18,749.74 for the aforementioned refunds to Sensor and J-Ray, (b) a redistribution of \$60,846.66 of the previously approved revenue requirement among all customers to eliminate the application of R. 61-67.FF.3 to cars served through drive-thru facilities, and (c) recovery of \$37,779.95 for PUI's additional rate case expenses incurred in the appeal by Sensor and J-Ray to the Supreme Court which is pending as Appellate Case 2013-002492, same to be amortized over three (3) years.

5. **Public Interest.** ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10 (B) (Supp. 2013). Section 58-4-10(B)(1-3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina;
- and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

The Settlement Agreement reached among the Parties serves the public interest as defined above.

6. **Submission of Settlement to the Commission.** The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the

Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

7. **Approval/Disapproval of Settlement.** If this Settlement Agreement is approved by the Commission, Sensor and J-Ray agree to dismiss with prejudice their aforementioned appeal and pending complaints before the Commission. If the Commission should decline to approve the Agreement in its entirety, then this Settlement Agreement shall be deemed null and void.

8. **Limited Effect of Settlement.** Except as otherwise expressly provided herein, the Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other proceedings, nor will it constitute a precedent or evidence of acceptable practice or terms in future proceedings.

9. **Governing Law.** The Agreement shall be interpreted according to South Carolina law.

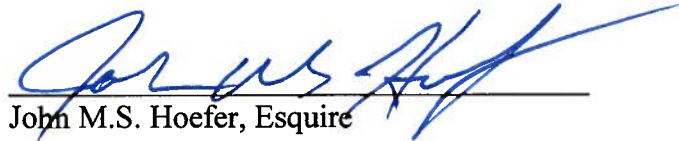
10. **Entire Agreement.** The above terms and conditions fully represent the entire agreement of the Parties hereto and supersede any prior agreements or understandings regarding the subject matter hereof whether written or oral. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the

agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGES FOLLOW]

Handwritten signature in blue ink, followed by the date "7/10/2014" written vertically.

**Representing Palmetto Utilities, Inc.**

A handwritten signature in blue ink, appearing to read "John M.S. Hoefer", is written over a horizontal line.

John M.S. Hoefer, Esquire

Benjamin P. Mustian, Esquire

**Willoughby & Hoefer, P.A.**

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**Representing Sensor Enterprises, Inc.**



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D. Reece Williams, III, Esquire  
Kathleen M. McDaniel, Esquire  
**Callison Tighe & Robinson, LLC**  
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**Representing J-Ray, Inc.**




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**Representing the South Carolina Office of Regulatory Staff**



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Jeffrey M. Nelson, Esquire

Florence P. Belser, Esquire

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**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2013-42-S**

IN RE: Application of Palmetto Utilities, Inc., )  
for Adjustment of Rates and Charges and )  
for Modifications to Certain Terms and ) **CERTIFICATE OF SERVICE**  
Conditions for the Provision of Sewer )  
Service )

This is to certify that I, Faith E. Shehane, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

John M.S. Hoefer, Esquire  
Benjamin P. Mustian, Esquire  
Willoughby & Hoefer, P.A.  
P.O. Box 8416  
Columbia, SC 29202-8416

D. Reece Williams, III, Esquire  
Kathleen M. McDaniel, Esquire  
Callison Tighe & Robinson, LLC  
P.O. Box 1390  
Columbia, SC 29202

  
Faith E. Shehane

October 6, 2014  
Columbia, South Carolina